

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 IO-13 EB-08 SS-15 NSC-05
CIAE-00 INR-07 NSAE-00 /071 W
-----043564 271017Z /12

P R 270900Z OCT 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 9344
DEPT OF TREASURY WASHDC PRIORITY
INFO AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY TEHRAN PRIORITY
USUN NEW YORK 614

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 6086

TEHRAN FOR SECRETARY BLUMENTHAL'S PARTY FOR BRIDGES

E.O. 11652: GDS
TAGS: OVIP (BLUMENTHAL, W. MICHAEL)
SUBJECT: VISIT OF TREASURY SECRETARY BLUMENTHAL TO KUWAIT:
MEETING WITH FOREIGN MINISTER

1. FOLLOWING IS UNCLEARED BY SECY BLUMENTHAL AND IS
THEREFORE SUBJECT TO REVISION.

2. SUMMARY: SECRETARY, ACCOMPANIED BY AMBASSADOR, SOLOMON,
SOBER, BERGSTEN, DEAL AND DCM CALLED ON FOREIGN MINISTER
SHAIKH SABAH AL-AHMAD AL-JABER OCTOBER 26 ESCORTED BY
FINANCE MINISTER ABDUL-RAHMAN SALIM AL-ATEEQI. FORTY
MINUTE MEETING WAS DUSCUSSION OF POLITICAL AND
ECONOMIC ISSUES ONLY IN BROAD TERMS. FOREIGN MINISTER
ALLUDED TO MIDDLE EAST POLITICAL SITUATION AS ONE IN WHICH
GOK AND USG POLICIES DIFFER, IN THAT KUWAIT BASES ITS POLICY
ON ACHIEVEMENT OF JUSTICE. SECRETARY EMPHASIZED THE LINK
BETWEEN ECONOMICS AND POLITICS AND THE DANGERS OF
ECONOMIC PROBLEMS BESETTING MUCH OF THE WORLD TODAY.
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KUWAITI SIDE ASCRIBED THESE PROBLEMS TO DOMESTIC WEAK-
NESSES OF AFFECTED COUNTRIES, RATHER THAN EXTERNAL
INFLUENCES (IMPLICITLY, OIL PRICES.) END SUMMARY

3. IN RESPONSE TO FOREIGN MINISTER'S OPENING WELCOME,
SECRETARY CITED FACT THAT THIS WAS HIS FIRST EXTENDED
TRIP OUTSIDE THE US SINCE NEW ADMINISTRATION INSTALLED

JANUARY 1977. IT WAS SIGNIFICANT, IN THIS CONTEXT, THAT PRES. CARTER HAD ASKED HIM TO COME TO THIS AREA OF THE WORLD TO VISIT SOME OF ITS IMPORTANT COUNTRIES INCLUDING KUWAIT. FOREIGN MINISTER WANTED SECRETARY TO KNOW HOW MUCH HE AND HIS COLLEAGUES APPRECIATE PRES. CARTER AND HIS POLICIES. MENTIONING HIS RECENT MEETING WITH PRESIDENT AT LUNCHEON, FOREIGN MINISTER SAID HE UNDERSTOOD HOW GREAT THE DIFFICULTIES ARE WHICH THE PRESIDENT FACES AND WISHED HIM WELL.

4. SECRETARY SAID THAT THE BUSINESS OF HIS TRIP IS AS MUCH POLITICAL AS ECONOMIC. HE SAID THAT INTERNATIONAL COLLABORATION TO ACHIEVE ECONOMIC/FINANCIAL STABILITY IN MIDDLE EAST AND ELSEWHERE IS SOMETHING IN WHICH USG STRONGLY BELIEVES AS THE ESSENTIAL UNDERPINNING TO THE REGIONAL POLITICAL STABILITY WE ALL SEEK. THE FOREIGN MINISTER AGREED THAT ONE CANNOT SEPARATE ECONOMICS FROM POLITICS. AS FOR THE STABILITY OF WHICH THE SECRETARY HAD SPOKEN, FOREIGN MINISTER SAID THAT ALTHOUGH ALL OF US MAY STRIVE FOR IT, HE BELIEVES IT SHOULD NOT BE SOUGHT AT ANY PRICE, I.E., NOT AT THE EXPENSE OF OTHERS. ONE MUST NOT SACRIFICE JUSTICE FOR THE SAKE OF STABILITY.

5. THE SECRETARY NOTED THAT, FOR BOTH DEVELOPED AND DEVELOPING COUNTRIES, CONDITIONS IN THE LAST FEW YEARS HAD

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CREATED NEW INSTABILITY. IN SOME EUROPEAN COUNTRIES, FOR EXAMPLE, THERE WAS HIGH UNEMPLOYMENT. THE APPLICATION OF ECONOMIC POLICIES IN THE STRUGGLE TO ACHIEVE A NEW STABILITY IS MOST DIFFICULT BUT NECESSARY AND, HE THOUGHT THE FOREIGN MINISTER WOULD AGREE, ESSENTIAL TO PREVENT NATIONS FROM TURNING LEFTWARD. FOREIGN MINISTER REMARKED THAT KUWAIT IS EQUALLY CONCERNED ABOUT THE SITUATION IN EUROPE WHICH AFFECTS KUWAIT CLOSELY. HE SAID HE HAD DISCUSSED WITH UK FOREIGN MINISTER DR. OWEN THE PROBLEMS CURRENTLY FACING BRITAIN AND HAD TOLD HIM THAT INTERNAL FORCES ARE THE CAUSE. THE BRITISH HAVE OIL, INDUSTRY, EVERYTHING THEY NEED, BUT THEY HAVE LET THEIR DOMESTIC POLICY DETERIORATE AND THE SOCIAL SITUATION GO UNCONTROLLED TOO LONG. THIS LACK OF SOUND DOMESTIC POLICY, RATHER THAN EXTERNAL FORCES, EXPLAINED BRITAIN'S DIFFICULTIES TODAY.

6. FINANCE MINISTER ATEEQI INTERJECTED THAT, ALTHOUGH DEMOCRACY IS A FAITH STRONGLY HELD BY KUWAITIS, IT CEASES TO BE DEMOCRACY WHEN THE GOVERNMENT LOSES ALL CONTROL OVER SOCIETY. HE SAID THAT KUWAIT SUFFERS FROM THE INFLATION IN EUROPE WHICH IS CAUSED BY MEETING LABOR

UNION DEMANDS THERE. IN A DEMOCRACY WHEN POLITICAL PARTIES
FIGHT FOR ELECTED OFFICE, LABOR UNIONS SEIZE THE
OPPORTUNITY TO FIGHT FOR MORE MONEY AND THIS HAS
CAUSED SERIOUS INFLATION.

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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 6086

TEHRAN FOR SECRETARY BLUMENTHAL'S PARTY FOR BRIDGES

7. THE SECRETARY THOUGHT RATHER THAT IT WAS REVEALING
TO LOOK AT EUROPE, THE US AND ALL DEVELOPED COUNTRIES AND
TO NOTE THAT A NUMBER OF THINGS ARE THE SAME IN ALL OF
THEM. LEVEL OF UNEMPLOYMENT IS HIGHER IN EACH THAN IT
HAS TRADITIONALLY BEEN, AND SO IS THE LEVEL OF INFLATION,
EVEN IN GERMANY. THE LEVEL OF GNP GROWTH IS LOWER THAN
IT HAS GENERALLY BEEN AND BALANCE OF PAYMENTS
PROBLEMS, EITHER OF SURPLUS OR DEFICIT, AFFECT ALMOST ALL
COUNTRIES. IN ADDITION WE SEE RELATIVELY WEAK
GOVERNMENTS, REFLECTING THE FACT THAT THE RELATIVELY WEAK
ECONOMY LEADS TO A RELATIVELY WEAK POLITICAL SITUATION.
THE SECRETARY STATED HIS BELIEF THAT THE PRESENCE OF SUCH
A COMMONALITY OF PROBLEMS REQUIRED COMMON ACTION. HE SAID
WE HAVE NO CERTAIN SOLUTION BUT CAN CERTAINLY SAY THE
SITUATION IS VERY DANGEROUS AND REQUIRED GREAT CAUTION.

8. THE SECRETARY RECALLED PRES. CARTER'S WORDS AND
SAID THAT USG IS INDEED DEEPLY DEDICATED TO SOLUTION OF
THE MIDDLE EAST PROBLEM. WITH SUFFICIENT EFFORT ON ALL
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SIDES THE USG THINKS MUCH CAN BE ACHIEVED. IN THIS CONNECTION USG WANTS TO WORK CLOSELY WITH KUWAIT POLITICALLY, BUT ALSO ECONOMICALLY AS BY PROVIDING ASSISTANCE TO EGYPT. THE LATTER IS A CLEAR CASE OF THE CLOSE LINK BETWEEN ECONOMIC AND POLITICAL PROBLEMS.

9. THE FOREIGN MINISTER REPEATED HIS DEEP APPRECIATION OF PRES. CARTER'S MIDDLE EAST PEACE EFFORTS AND WANTED TO MAKE CLEAR THAT SUCH A PEACE MUST BE JUST, AND NOT AT THE EXPENSE OF ONE PARTY.

10. THE AMBASSADOR ASKED FOR THE FOREIGN MINISTER'S IMPRESSIONS OF THE PRESENT GENERAL ASSEMBLY SESSION FROM WHICH FOREIGN MINISTER HAD JUST RETURNED. FOREIGN MINISTER REPLIED THAT USUALLY NOTHING IS NEW AT THE UN, BUT THE PRESENT STAND OF THE BIG POWERS AND THE US IS NEW, HE SAID, AND VERY INTERESTING. AMBASSADOR CONGRATULATED THE FOREIGN MINISTER ON KUWAIT'S ELECTION TO THE SECURITY COUNCIL AND NOTED THAT THIS MEANT INCREASED RESPONSIBILITIES BUT USEFUL THOUGH DEMANDING EXPERIENCE FOR KUWAIT IN THE UN. MR. SOBER EXPRESSED PLEASURE THAT THE FOREIGN MINISTER HAD MET WITH AMERICAN OFFICIALS IN NEW YORK. HE SAID THAT WE HAVE VALUED OUR FRANK RELATIONSHIP WITH KUWAIT AND BELIEVE THAT NOW THAT KUWAIT IS ON THE SECURITY COUNCIL IT IS TRULY VERY IMPORTANT TO INCREASE THE EXCHANGES AND CONSULTATIONS BETWEEN OUR TWO GOVERNMENTS.

11. FOREIGN MINISTER ASSURED THE GROUP THAT KUWAIT WELCOMES COOPERATION AT THE UN AND ELSEWHERE. HE SAID HOWEVER THAT KUWAIT ALWAYS BASES ITS STAND ON JUSTICE AND WHEN THAT FACTOR CAUSES KUWAITI POLICY TO DIFFER FROM THE US, IT WILL SIMPLY DIFFER. BUT WITH THAT CAVEAT,
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FOREIGN MINISTER SAID HIS GOVERNMENT WOULD DO ITS BEST TO CONSULT AND COOPERATE. HE SAID HE WAS SURE THERE ARE CASES WHERE THE US SEES A SPECIAL POINT OF PRINCIPLE (PARALLEL TO THE CASE OF JUSTICE TO WHICH HE WAS REFERRING). GOK WOULD BE MORE THAN WILLING TO CONSULT CLOSELY WITH US IN SUCH CASES. CONSULTATION WOULD BE FRANK BECAUSE GOK IS ALWAYS FRANK, HE PROMISED. THE AMBASSADOR ADDED THAT AN IMPORTANT ELEMENT OF CLOSE CONSULTATION IS TO EXCHANGE INFORMATION AT THE EARLIEST POSSIBLE STAGE SO THAT EACH SIDE COMES TO UNDERSTAND EARLY THE DETAILS OF

THE OTHER'S POSITION.

12. MR. BERGSTEN CLOSED THE INTERVIEW EXPRESSING ADMIRATION
FOR THE GOK ROLE IN INTERNATIONAL ASSISTANCE MATTERS. HE
SAID KUWAITIS HAD SHOWN REAL LEADERSHIP IN RECENT IDA
MEETINGS AND THAT KUWAIT HAD MADE REALLY CRITICALLY
IMPORTANT CONTRIBUTIONS IN THAT AREA.
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